REMARKS

Favorable reconsideration of this application, as presently amended and in light of the following discussion, is respectfully requested.

Claims 1-7, 10-12, and 15-21 are currently pending. Claims 1, 10, 11, and 15 have been amended by the present amendment. The changes to the claims are supported by the originally filed specification and do not add new matter.[1]

In the outstanding Office Action, Claims 1-7 and 10-12 were rejected under 35 U.S.C. § 101, as being directed to non-statutory subject matter; and Claims 1-7, 10-12, and 15-21 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Application Publication No. 2002/0069155 to Nafeh et al. (hereinafter "the '155 application") in view of "Catastrophe Insurance Risks, The Role of Risk-linked Securities and the Factors Affecting Their Use" by the United States General Accounting Office (hereinafter "the GAO reference").

STATEMENT OF SUBSTANCE OF INTERVIEW

Applicant wishes to thank Examiner Tran for the telephone discussion with Applicant's representative on September 3, 2009, at which time the outstanding rejections of Claims 1-7 and 10-12 under 35 U.S.C. § 101 were discussed. Based on the telephone discussion, the Examiner indicated that the rejections of Claims 1-7 and 10-12 under 35 U.S.C. § 101 would be withdrawn.

REJECTION UNDER 35 U.S.C. § 101

Regarding the rejections of Claims 1-7 and 10-12 under 35 U.S.C. § 101, it is respectfully requested that the rejections of those claims be withdrawn as indicated during the

[1] See, e.g., page 6, lines 14-22 of the originally filed specification.

telephone discussion of September 3, 2009.

REJECTION UNDER 35 U.S.C. § 103

Amended Claim 1 is directed to a method of securitizing natural catastrophe risk, implemented on an electronic terminal at a reinsurer, comprising:

> establishing one or more risk classes at the electronic terminal of the reinsurer, each risk class representing one or more natural catastrophe risks, each risk class being recurringly issuable from the electronic terminal of the reinsurer as risk instruments providing a return on an investment, the amount of the return for a risk instrument being reduced upon the occurrence of a realization event for the corresponding represented natural catastrophe risk; and
>
> issuing from the electronic terminal at the reinsurer, a first collection of risk instruments of a first risk class of the one or more risk classes, wherein
>
> the realization event for a given risk class is defined as an occurrence of an event meeting a predetermined impact threshold,
>
> the occurrence of the event meeting the predetermined impact threshold is determined according to an index of physical parameters issued by a neutral party, and
>
> said physical parameters are related to but separate from catastrophic loss.

Regarding the rejection of Claim 1 under 35 U.S.C. § 103(a), the '155 application is directed to methods and an apparatus for formulation, initial public or private offering, and secondary market trading of risk measuring contracts to enable and provide a new form of **risk hedging.**[2] The '155 application discusses that hedging in any market – whether it be commodities, real estate, or anything with any kind of economic consequences, is essentially the same as buying insurance against price declines.[3]

[2] See '155 application, paragraph [0053].
[3] Id. at paragraph [0002].

The Office Action cites the '155 event contract, which is described as a tradable instrument that pays off a nonzero value in one state of nature, and $0 in all other states of nature at date T, for teaching the claimed "risk instruments."[4]

However, it is respectfully submitted that the '155 application fails to disclose establishing one or more risk classes at the electronic terminal of the reinsurer, each risk class representing one or more natural catastrophe risks, each risk class being recurringly issuable from the electronic terminal of the reinsurer as risk instruments providing a return on an investment, the amount of the return for a risk instrument being reduced upon the occurrence of a realization event for the corresponding represented natural catastrophe risk. Rather, with respect to the '155 contract payout, the '155 application simply discusses that the event contracts **pay out based on the realized outcome of contingent events**. In particular, the '155 application discusses that if a particular criteria is met (i.e., a particular outcome occurs), then the event contract pays off $10.00. Otherwise, the '155 application discusses that the event contract pays off $0.[5] That is, the '155 application simply discusses that the event contract only pays out upon the occurrence of a particular outcome. The '155 application does not disclose that the amount of the return for the event contract (i.e., the asserted risk instrument) is ***reduced upon the occurrence of the particular outcome***.

Further, the GAO references fails to remedy the deficiencies of the '155 application, as discussed above. The GAO reference is directed to the role of risk-linked securities in providing coverage for catastrophe risk and issues related to their expanded use. In particular, the Office Action cites the GAO reference for teaching catastrophe risk.[6]

However, it is respectfully submitted that the GAO references fails to disclose establishing one or more risk classes at the electronic terminal of the reinsurer, each risk class representing one or more natural catastrophe risks, each risk class being recurringly issuable

[4] See Office Action dated June 19, 2009, page 4.
[5] See '155 application, paragraphs [0055] and [0060].
[6] See Office Action dated June 19, 2009, pages 4 and 5.

from the electronic terminal of the reinsurer as risk instruments providing a return on an investment, the amount of the return for a risk instrument being reduced upon the occurrence of a realization event for the corresponding represented natural catastrophe risk. Moreover, the Office Action does not cite the GAO reference for such a teaching.

Further, it is respectfully requested that there is no suggestion or motivation to modify the '155 risk hedging method/apparatus to include risk instruments that provide a return on an investment having an amount that is reduced upon the occurrence of a realization event for a corresponding represented natural catastrophe risk, as such a modification would render the '155 risk hedging method/apparatus unsatisfactory for its intended purpose.

Specifically, it is noted that MPEP § 2143.01(V) provides that

> [i]f proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984).

The '155 risk hedging method/apparatus is directed to providing a new form of **risk hedging**, which is discussed as being essentially the same as buying insurance against price declines. For example, as noted above, the '155 application discusses event contracts in which a pay out only occurs upon the occurrence of a particular outcome (e.g., a particular interest rate change). However, if the '155 event contracts were modified such that the return of the event contract were reduced upon the occurrence of the particular outcome, the event contract would no longer allow a user to hedge against the risk of an adverse outcome with respect to an underlying event.

Thus, no matter how the teachings of the '155 application and the GAO reference are combined, the combination does not teach or suggest the establishing step of Claim 1. Accordingly, it is respectfully submitted that Claim 1 (and all associated dependent claims)

patentably defines over any proper combination of the '155 application and the GAO reference.

Amended Claim 10 recites, *inter alia*,

> receiving, at the electronic terminal of the reinsurer, a first allotment of first risk instruments of a risk class representing one or more natural catastrophe risks, the risk class being issuable from the electronic terminal at the reinsurer on a recurring basis, each of the first risk instruments having a first issue date and providing a return on an investment, the amount of the return being reduced upon the occurrence of a realization event for the corresponding represented natural catastrophe risk.

Amended Claim 15 recites, *inter alia*,

> establishing one or more risk classes, each risk class representing one or more natural catastrophe risks, each risk class being recurringly issuable as risk instruments providing a return on an investment, the amount of the return for a risk instrument being reduced upon the occurrence of a realization event for the corresponding represented natural catastrophe risk.

As noted above, the '155 application and the GAO reference, alone or in proper combination, fail to disclose the establishing step of Claim 1. Thus, the '155 application and the GAO reference fail to disclose the receiving and establishing steps of Claims 10 and 15, respectively. Accordingly, it is respectfully submitted that Claims 10 and 15 (and all associated dependent claims) patentably define over any proper combination of the '155 application and the GAO reference.

CONCLUSION

Thus, it is respectfully submitted that independent Claims 1, 10, and 15 (and all associated dependent claims) patentably define over any proper combination of the '155 application and the GAO reference.

Consequently, in view of the present amendment and in light of the above discussion, the outstanding grounds for rejection are believed to have been overcome. The application as amended herewith is believed to be in condition for formal allowance. An early and favorable action to that effect is respectfully requested.

Respectfully submitted,

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